MR. CHAIRMAN :—" Why is the Hon. the Minister worried about the Opposition? The Opposition will take care of itself."

DR. A. LAKSHMANASWAMI MUDALIYAR :—" I beg to make this appeal to you, Sir. Let this not be made a precedent for future Bills."

MR. CHAIRMAN :—" I now adjourn the House to meet again at 2-45 p.m."

The House then rose for lunch.

(After lunch—2-45 p.m.)

(7) THE MADRAS STAMP (AMENDMENT) BILL, 1950 (L.A. BILL NO. 10 OF 1950).

* THE HON. SRI H. SITARAMA REDDI :—" Mr. Chairman, Sir, I move—

'*That the Madras Stamp (Amendment) Bill,* 1950 (*L.A. Bill No.* 10 *of* 1950)[a], *as passed by the Legislative Assembly and transmitted to the Council be taken into consideration.*'

Under Article 38 of Schedule 1-A to the Indian Stamp Act, 1899, an instrument of partition is chargeable with stamp duty for the amount of the value of the separated share or shares of the property to which the instrument relates. Clause (*b*) of the proviso under that article, however, states that where land is held on Revenue Settlement for a period not exceeding thirty years and full assessment is paid, the value of such land for purposes of stamp duty shall be calculated at not more than five times the annual revenue. The Government consider that as the value of land has increased enormously, the value of the land referred to in the proviso should be calculated at twenty-five times the annual revenue for the purpose of determining the stamp duty. The Bill is intended to achieve this object.

" Sir, so far as non-ryotwari lands are concerned the stamp duty payable in the matter of partitions, is calculated with reference to the market value of the land while ryotwari lands are enjoying a concession in that they have had to pay only five times the annual revenue. Now it is proposed to make this five into twenty-five times the annual assessment. Even then, it will be found that stamp duty in this case is considerably lower than what is being charged in respect of non-ryotwari lands. As such, the Bill seeks to enhance the stamp duty in respect of ryotwari areas in relation only to partition deeds."

MR. CHAIRMAN :—" I do not find any copy of the original Act which is sought to be amended . . ."

DR. V. K. JOHN :—" They have circulated it in the Assembly, Sir, and not here."

MR. CHAIRMAN :—" I think while amendments are proposed, copies of original sections which are to be amended are usually supplied to Members."

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[a] **Printed as Appendix VI on page 709 infra.**

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* DR. V. K. JOHN.—" Sir, that was the convention established. This morning, before you came, I protested against the action of the Government in not having circulated the original sections. They were circulated in the Assembly."

THE HON. SRI H. SITARAMA REDDI :—" They were supplied to hon. Members here."

MR. CHAIRMAN :—" Side by side with amendments, it was the practice to supply the original sections also."

MR. CHAIRMAN :—" Motion moved—

'That the Madras Stamp (Amendment) Bill, 1950 (L.A. Bill No. 10 of 1950), as passed by the Legislative Assembly and transmitted to the Council be taken into consideration'. " 3 p.m.

* DR. V. K. JOHN :—" Mr. Chairman, Sir, I must protest against this enhancement of stamp duty which I call unconscionable. The original words were 'at not more than five times' and the substitute words are 'at 25 times' and not 'at not more than 25 times' but 'at 25 times'. This is an unconscionable raising of stamp duty. I think Madras State wants to give a lead in raising of stamp duty. I think Madras State wants to give a lead in point of view of taxation. I think this is the highest taxed State in the whole of India. The other day the Hon. the Finance Minister himself stated in his budget speech that the Madras State is the highest taxed State, as regards taxation on motor vehicles. I am asking whether there is anything in which the Ministers can say that the tax in Madras State is less than the tax in any other State or it is at least equal to the tax levied in any other State in India. Under every item it is more and I said the other day that on account of the sales-tax even the beggar's bowl is taxed in the Madras State. In this State, every man is a tax payer and every other man is a tax gatherer also.

" Now you have the stamp duty raised to 25 times. For what purposes is it being raised? Is it done in any other part of the Indian Union? In fact you are amending an All-India Act which no doubt you are entitled to. Are not the conditions in other States also the same? Has not the value of property gone up in other States also? The point is, having gone on with their fads and having to spend crores of rupees, they are trying to catch at the last straw. They are trying to gather revenue from every quarter and this is the last straw. The original wording in the Act is 'not more than five times.' This can be even less than five times. The amendment seeks to fix it at 25 times. It gives no credit to the Government. This Government are collecting money to be wasted and the people are oppressed with taxation to an extent unknown in the history of the State. I protest against the raising of the stamp duty."

* THE HON. SRI H. SITARAMA REDDI :—" I want to clear one point immediately. This increase will apply only to deeds of partition. Even to-day lands which are not in ryotwari areas are

paying the stamp duty on the market value. It was suggested that these lands also should be made to bear equally the burden with other landowners because after all it was a concession enjoyed for several years—65 years. It was thought that the incidence of taxation must be equal. Then it was felt that if we have to take into consideration the market value of the ryotwari lands various enquiries and valuation have to be made and several officers will have to be appointed for each district and the value itself might be the subject of dispute. To avoid this and make things easy it was suggested that it may be 25 times the assessment. Even then, as I have already said, the incidence of taxation will be comparatively less because it will be much less than the market value. I think this is a very fair tax, for those in ryotwari areas have been paying very much less than those in other areas. That is why this amendment has been brought forward. One hon. Member was saying that Government have wasted or lost crores of rupees and what to clutch at every thing and they try to collect tax. We have lost money in a good cause and we do not regret it and there is nothing wrong in a State collecting money equitably if it is for the good of the people. I am glad I will be able to get it and it is going to be collected in an equitable way. There is nothing inequitable about this taxation.''

MR. CHAIRMAN :—'' The question is—

' That the Madras Stamp (Amendment) Bill, 1950 (L.A. Bill No. 10 of 1950), as passed by the Legislative Assembly and transmitted to the Council be taken into consideration '.''

The motion was carried.

Clause 2 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

THE HON. SRI H. SITARAMA REDDI :—'' Sir, with your permission may I just move this motion, namely—

' *That the Bill as passed by the Assembly be approved* '.''

DR. V. K. JOHN :—'' Government seem to have different procedure for different Money Bills.''

MR. CHAIRMAN :—'' During lunch interval we had a discussion, myself, the Law Secretary, and the Hon. Minister. I was of the impression that the third reading stage is a valuable right given to the House. It is not to be taken away in the Money Bills. What is done in the Money Bills is that you make a recommendation. That we are making a recommendation comes only in the third reading stage. It may come in other cases in the second reading stage by means of recommendations and amendments to the various provisions which might be moved and the various provisions changed as it is done in other cases when the Bill is moved, and passed into law. It is open to the opposition to say ' We oppose the Bill.' The Opposition can oppose the Bill being passed into law and vote it down. Such a kind of Bill is not come here. So we thought in that

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small conference that there should be a motion of the kind referred to by the Hon. Minister, not like the 'Bill being passed into law', or 'approved without any recommendation as passed by the Assembly.' It is open to you to vote it down, if you like. It is not being returned to the other House without a recommendation but is being approved as passed by the other House. If the Opposition is so inclined they can object and vote down the motion. That I think is a valuable right which this House ought to have. So we came to the agreement that such a motion should be made. That is the stage of the motion.''

DR. V. K. JOHN :—" May I enquire, Sir, under what provision of the Constitution it is being done? "

MR. CHAIRMAN :—" All Bills ought to be passed by both the Houses. In the case of Money Bills it is only a recommendation. You make a recommendation and send it to the other House. Otherwise you pass it. That is all. The only change I see is that instead of calling them as amendments they call them as recommendations. That is all the change I see.

" That is the interpretation that I would like to put on the Bill. It is for you and the Government to consider what should be done and then arrive at a decision."

DR. V. K. JOHN :—" According to Article 198 of the Constitution after a Money Bill has been passed by the Legislative Assembly of a State having a Legislative Council, it shall be transmitted to the Legislative Council for its recommendations and the Legislative Council shall within a period of fourteen days . . ."

MR. CHAIRMAN :—" I shall make myself more clear. I would like the hon. Member to read Article 196 (2). This is the general provision. But Article 198 says that if it is a Money Bill you don't pass amendments but send it back and call it recommendation. If we don't make any recommendations we simply pass it. They wanted to make some change in the wording, that is all. We may even say we approve of it."

SRI S. B. ADITYAN :—" Will it not be better to use the same word used in the Constitution, namely, 'Agreed' instead of saying 'approved'."

MR. CHAIRMAN :—" The hon. Member may tell that to the Hon. Minister. I have no objection. It is not going back to the Assembly."

DR. V. K. JOHN :—" What I thought was, according to Article 198 we have to make a recommendation and if we make recommendations, the Assembly will either accept or reject any of the recommendations. If we don't make any recommendations then we do not return it to the Assembly at all."

MR. CHAIRMAN :—" What is the final opinion of the hon. Member? "

DR. V. K. JOHN :—" My final opinion is, having made no recommendations it does not go. I do not know whether you want a resolution at all."

MR. CHAIRMAN :—" I am not at all worried by all this. My point is to accept the principle that every Bill should be read thrice and the final opinion is the opinion given at the third reading. Even though you may not move amendments and agree to the provisions as they are in the second reading it is open to you to throw out the Bill in the third reading. My question is whether we should have such a right or not. According to Article 196 which applies to all Bills, no Bill will be deemed to have been passed unless it is
3-15 p.m. agreed to by both the Houses. In the case of Money Bills, if this House makes any recommendation it will go back to the other House. That House may accept it or reject it. Article 198 does not say that a Money Bill should not be passed by this House if it agrees to it. If this House does not agree and if it wants to make a recommendation, then it can send it back to the other House. If this House does not want to make a recommendation, it can pass it."

* DR. V. K. JOHN :—" But why should we lose the right of discussing it, Sir?"

MR. CHAIRMAN :—" That is what I am saying, but the Hon. the Leader of the Opposition seems to oppose it."

* DR. V. K. JOHN :—" We have a right to take up the third reading also. Instead of moving that the Bill be passed into law, let the Government say that they do not make any recommendation and the Opposition may say that we make a recommendation that the Bill be rejected."

MR. CHAIRMAN :—" Is the hon. Member suggesting any changes in the wording of the motion, e.g., 'I move that this House approves of the Bill as passed by the Assembly.' Whether it is in this form or in the other form, this House can throw it out, if it likes."

* DR. V. K. JOHN :—" I thought that the wording in Article 198 was 'recommendation'."

MR. CHAIRMAN :—" We are not making any recommendation under Article 198."

* DR. V. K. JOHN :—" The Opposition might make a recommendation that the Bill be rejected. I am only saying this as a student of the Constitution and not as the Leader of the Opposition. The word used in Article 198 is 'recommendation'."

MR. CHAIRMAN :—" We are not acting under Article 198; we are only acting under Article 196. Only under Article 198, we must make a recommendation."

* DR. V. K. JOHN :—" We cannot escape Article 198 when a Money Bill comes. Article 196 is subject to Article 198. The only way to proceed under Article 198 is to have a motion by the Government that 'we make no recommendation to the Assembly.' It will

give an opportunity to the Opposition to say ' We reject it.' I am only on the form of it. Article 198 does not envisage or anticipate or provide for a motion for acceptance. It provides only for a motion that no recommendation is made."

MR. CHAIRMAN :—" Article 198 does not provide for a motion without any recommendation. Now we are not making any recommendation under Article 198. This is a Bill all the same. The House must approve or disapprove of it. Under Article 196, it is open to the House, during the third reading stage to say ' We approve of the Bill ' or ' We do not approve of the Bill '."

DR. V. K. JOHN :—" We must make rules as to what kind of motion should be made."

MR. CHAIRMAN :—" What is the procedure to be adopted to-day? "

DR. V. K. JOHN :—" To-day it is a matter of form."

MR. CHAIRMAN :—" As regards the exact form, we may discuss it later. This may not be taken as a precedent.

" The question now is that the House approves of the Bill as passed by the Assembly."

SRI B. NARAYANASWAMI NAYUDU :—" Sir, I am surprised that the Hon. the Revenue Minister says that he is not ashamed of this Bill. I ask, Sir, ' Is he ashamed of any Bill? ' What is the practical proposition before the House? It is this. The zamindari tenant has been paying stamp duty on the market value of the property. The ryotwari tenant has been paying five times the assessment. Now it is proposed to increase this to 25 times the assessment. There are families and families and partition deeds have to be drawn up for one acre, two acres, five acres and 100 acres. What is the stamp duty proposed? Should he not be ashamed that partition deeds should be charged stamp duty at 25 times the assessment? If the assessment is Rs. 10, the stamp duty will be Rs. 250, yet the Hon. the Revenue Minister says that he is not ashamed of this legislation. What is the justification for it? He says that the zamindari tenant pays a higher rate. Is that rate equitable? I can understand the lowering down of the taxation, but I cannot understand the levelling up of taxation. The Hon. Finance Minister in his Budget Speech said that he was not levying any fresh taxation this year. But what is this taxation for? For what purpose do the Government want this money? The necessity for this taxation measure should be stated openly and justified in this House and approved by this House. Has the Hon. Minister stated any purpose for which this taxation is required, a taxation which goes to the root of the society, affecting the lowest and the highest? This does not give any relief to the zamindari tenant at all. What is the election pledge of the Congress? They said that they would do everything for the zamindari tenant. They are not doing anything for the zamindari tenant, but they want to take him as an example for putting additional taxation on other

people. Is it not a thing to be ashamed of? Is it something to be proud of? Lastly Sir, it is said that the zamindari tenant pays on the market value of the property. But in this case, it may be any useless land, any saline land, but if the assessment is Rs. 10, the duty will be 25 times 10 or Rs. 250."

MR. CHAIRMAN :—" The hon. Member coming from a zamindari area should know that 25 times the revenue will be still less than the market value."

SRI B. NARAYANASWAMI NAYUDU :—" There is a certain amount of elasticity there. He goes to the sub-registrar and he changes the value. I do not understand the argument that as the zamindari tenant pays more, the ryotwari tenant also should pay more. I feel strongly about it and I am going to divide the House on this question of inequitable taxation. I oppose the Bill."

* THE HON. SRI H. SITARAMA REDDI :—" Sir, the hon. Member has sought to work himself up into a fury over this question. I may just illustrate the whole thing for the information of the House. I have worked out certain instances showing the tax now leviable in ryotwari areas and how it compares with the incidence of stamp duty in the zamindari area.

" Take for instance a family consisting of three brothers, A, B and C having 20 acres. If they divide the entire extent among themselves—A 8 acres, B 6 acres, and C 6 acres—the stamp duty will be payable with reference to the value of the separated shares, viz., 12 acres. Suppose the lands are in the Tanjore Delta, the rate of assessment there is Rs. 16–10–0 per acre. The market value of the land is Rs. 2,500 an acre to-day. Being a ryotwari holding the stamp duty which is calculated on the value of the land taken at five times the assessment, is Rs. 22–8–0. When increased to 25 times it will be Rs. 112–8–0. If it is zamindari land, it will be Rs. 450. Even now it will be only one-third of what the zamindari tenant pays. Coming to the dry area, let us take that these lands are in Coimbatore district. The rate of assessment is Rs. 2–4–0 per acre. The market value is about Rs. 800 an acre. The stamp duty now payable, at five times the assessment, is Rs. 3. The stamp duty that will be payable if this Bill becomes law is Rs. 10–8–0. If it is zamindari, it will be Rs. 150. I have worked out for other places also. Take Godavari district. The land value is Rs. 3,000 an acre. The stamp duty now payable is Rs. 22–8–0. If this Bill becomes law, it will be Rs. 97–8–0. If it is zamindari land, it will be Rs. 540. I have worked out these figures to show that what we have done is not inequitous or hard as the hon. Member sought to make out. I hope the Bill will be accepted."

MR. CHAIRMAN :—" The question is—

' That the Madras Stamp (Amendment) Bill, 1950 (L.A. Bill No. 10 of 1950), as passed by the Legislative Assembly be approved.' "

The motion was carried.

V.—GOVERNMENT MOTION.

AMENDMENT TO SCHEDULE IV TO THE MADRAS CITY MUNICIPAL ACT, 1919.

* THE HON. SRI K. CHANDRAMOULI :—" Sir, I beg to move—

'*That the following draft of a rule proposed to be made by His Excellency the Governor of Madras in exercise of the powers conferred by section 347 of the Madras City Municipal Act, 1919 (Madras Act IV of 1919), altering Schedule IV to that Act be approved :—*

Draft rule.

In the said Schedule, for rule 8, the following rule shall be substituted, namely :—

" 8. *Persons shall be assessed by the Commissioner to the profession tax under the following classes on a scale to be determined by the council from time to time :—*

Provided that such scale shall be subject to the maximum specified against each class :

Provided also that the proportion which the tax on any class bears to the minimum income of that class shall in no case be smaller than the proportion which the tax on any lower class bears to the minimum income of such lower class :—

Class.	*Half-yearly income.*	*Maximum half-yearly tax.* RS.	A.	P.
I	*More than Rs.* 15,000	125	0	0
II	*More than Rs.* 12,000 *but not more than Rs.* 15,000.	100	0	0
III	*More than Rs.* 9,000 *but not more than Rs.* 12,000.	75	0	0
IV	*More than Rs.* 6,000 *but not more than Rs.* 9,000.	50	0	0
V	*More than Rs.* 4,800 *but not more than Rs.* 6,000.	37	8	0
VI	*More than Rs.* 3,000 *but not more than Rs.* 4 800.	18	0	0
VII	*More than Rs.* 1,800 *but no more than Rs.* 3,000.	9	0	0
VIII	*More than Rs.* 1,200 *but not more than Rs.* 1,800.	6	0	0
IX	*More than Rs.* 600 *but not more than Rs.* 1,200.	3	0	0" '

" Sir, under the Profession Tax Limitation Act, 1941, passed by the Central Government, the maximum rate of profession tax leviable by local bodies was fixed at Rs. 50 per person per annum. On the basis of the maximum rate of tax so fixed, assessees have